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INFO RUCNIRA/IRAN COLLECTIVE
RUEHTA/AMEMBASSY ALMATY 0569
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RUEHEK/AMEMBASSY BISHKEK 0377
RUEHLM/AMEMBASSY COLOMBO 5867
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RUEHBUL/AMEMBASSY KABUL 3027
RUEHKT/AMEMBASSY KATHMANDU 6554
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C O N F I D E N T I A L SECTION 01 OF 02 NEW DELHI 004254

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TAGS: [PREL](#) [EAID](#) [EINV](#) [ENRG](#) [EPET](#) [ETRD](#) [IN](#) [PGOV](#)

SUBJECT: MEA AWAITING CENTRAL ASIAN ENERGY TRADE FEASIBILITY REPORT

REF: A. STATE 85503

[1B.](#) NEW DELHI 3554

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Classified By: A/PoulCouns Atul Keshap for Reasons 1.4 (B, D)

[11.](#) (C) Summary: USAID South Asia Regional Initiative for Energy (SARI/E) regional coordinator delivered ref A demarche to the GOI Ministry of External Affairs (MEA) Joint Secretary for Eurasia Jaimini Bhagwati, who was generally supportive of all trade initiatives but cautious about the prospects for energy trade between Central and South Asia until full feasibility studies have been completed. MEA Deputy Director for Afghanistan also noted that security is a key concern for Indian firms operating in Afghanistan, and that the cost of any proposed project is likely to be prohibitively high

India to Send Observer to Istanbul Conference

[12.](#) (C) Regional coordinator for the USAID South Asia Regional Initiative for Energy (SARI/E) and Poloff delivered ref A demarche in a June 8 meeting with MEA Joint Secretary for Eurasia Jaimini Bhagwati. While MEA would not send any

representatives from Delhi to the June 12-14 USTDA energy conference (Ref B), Bhagwati noted, he pledged to ask India's Ambassador to Turkey to send an official from the GOI's Istanbul consulate to attend. (Note: India is also sending a technical representative from the Power Grid Corporation of India to the Istanbul conference. End note.)

The More Trade, the Better

¶3. (C) Bhagwati noted that "we have this SAARC forum, and we should do more trade in everything. We are delighted to participate in any and every form where we can promote trade." While Bhagwati is generally supportive of energy trade between central and south Asia in particular, he emphasized that "everything depends upon whether these projects are technically and economically feasible."

Pessimistic about TAPI

¶4. (C) While the Indian cabinet approved India's participation in the Turkmenistan-Afghanistan-Pakistan-India (TAPI) pipeline (see reftel B), Bhagwati is far more cautious about the deal, noting that the project reports he has seen do not demonstrate that Turkmenistan's gas supplies are sufficient to honor even existing gas supply agreements with Russia, and deals contemplated with China.

Build Consensus in the Indian Bureaucracy

¶5. (C) Bhagwati also encouraged USAID to sensitize people in
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the Indian bureaucracy, particularly in the Minister of Power and the Planning Commission, to resolve all of the outstanding technical issues in order to allow for a political decision whether or not to participate in the Central-South Asian transmission line to be made. (Note: USAID is planning to meet on June 22 with Kirit Parikh, Member of the GOI Planning Commission to discuss these matters further. End note.)

Indian Firms Scared of Afghanistan

¶6. (C) In a separate June 8 meeting, Aquino Vimal, MEA Deputy Secretary for Afghanistan told AidOff and Poloff that the

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security of any energy transmission line through Afghanistan is a key risk factor that must be taken into account. Aquino emphasized that after the April 29 killing of Indian engineer Suryanarayan, Indian firms have been extremely reticent to continue work or begin new projects in Afghanistan. Despite security concerns, however, Aquino observed that the TAPI and Iran-Pakistan-India (IPI) pipeline are being actively considered by the GOI, and that therefore electricity trade between central and south Asia could still be approved by India. "We'll have to consider all options," Aquino concluded, "gas from Myanmar, hydropower from Nepal, we don't foreclose any options."

Comment: Cautious Below, Risk Taking Above

¶7. (C) At the working level, MEA officials appear on the whole to be cautious about the prospects for electricity trade between central and south Asia, until completed feasibility studies clearly demonstrate the benefit of such projects. Judging by India's willingness to engage in the TAPI and IPI projects, despite the technical uncertainties and security risks, however, it appears that at the cabinet level Indian leaders are more willing to be seen to participate in energy trade and transport projects. USAID

will continue to engage MEA as well as other GOI Ministries to share information and demonstrate both the costs and benefits of India's participation in regional energy projects, so that the GOI can make an informed decision. In particular, USAID will engage the GOI and USTDA to evaluate the possibility of including India in the feasibility study of the proposed Central-South Asia electricity line.

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